

Compliance Section

This section contains various schedules as required by the *U. S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and other state agencies. It also contains the Independent Auditors' reports on compliance and controls as required by the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, and the North Carolina State Single Audit Implementation Act.

City of Asheville

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	State Expenditures	Total Expenditures
Federal Awards					
<u>U.S. Department of Transportation</u>					
Direct Programs:					
Federal Transit Authority Capital and Operating:					
Federal Transit Formula Grant	20.507	-	\$ 1,540,530	\$ -	\$ 1,540,530
Capital Investment Grant	20.500	-	1,328,231	-	1,328,231
Capital Improvement Grant - Garage Roof	20.000	-	75,263	-	75,263
Passed through NCDOT:					
Highway Planning & Construction Grant	20.205	-	100,546	-	100,546
Federal Transit Metropolitan Planning Grant	20.505	-	7,575	947	8,522
Formula Grants for other than Urbanized Areas	20.509	-	51,513	51,515	103,028
NC Governors Highway Safety Grant	20.605	157(b)2-05-14-g	7,479	-	7,479
Total U.S. Department of Transportation			<u>3,111,137</u>	<u>52,462</u>	<u>3,163,599</u>
<u>U.S. Department of Housing and Urban Development</u>					
Direct Programs:					
Community Development Block Grant Program/Entitlement Grants	14.218	B-02-MC-370001	1,605,807	-	1,605,807
Fair Housing Assistance Program-- FHAP	14.401	FF204K044018	96,640	-	96,640
HOME Program	14.239	M-02-DC-370201	1,590,419	-	1,590,419
Outstanding Section 108 loan balances	14.221		1,154,172	-	1,154,172
Total U.S. Department of Housing and Urban Development			<u>4,447,038</u>	<u>-</u>	<u>4,447,038</u>
<u>U. S. Department of Agriculture</u>					
Passed through NC Dept of Health & Human Services- Div of Maternal & Child Health, After School Program Food Service	10.559	7197	<u>15,365</u>	<u>-</u>	<u>15,365</u>
Total U.S. Department of Agriculture			<u>15,365</u>	<u>-</u>	<u>15,365</u>
<u>U. S. Department of Justice</u>					
Direct Programs:					
Justice Assistant Grant - BJA	16.738	DJBX0508	53,641	-	53,641
Bulletproof Vest Program	16.607	-	13,809	-	13,809
Weed & Seed Grant	16.595		<u>52,714</u>	<u>-</u>	<u>52,714</u>
Total U. S. Department of Justice			<u>120,164</u>	<u>-</u>	<u>120,164</u>

(continued)

City of Asheville

Schedule of Expenditures of Federal and State Awards

For the Year Ended June30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	State Expenditures	Total Expenditures
U. S. Department of Homeland Security					
Direct:					
Assistance to Firefighters Grant	97.044	-	149,703	-	149,703
Passed through NC Department of Crime Control & Public Safety					
VIPER Grant	97.067	24964-2B01030	144,000	-	144,000
Passed through NC Emergency Management					
Public Assistance Grant	97.036	-	881,842	-	881,842
Total U.S. Department of Homeland Security			<u>1,175,545</u>	<u>-</u>	<u>1,175,545</u>
State Awards					
N. C. Department of Transportation					
Direct Programs:					
Powell Bill	N/A	-	-	2,282,069	2,282,069
Ride Share	N/A	-	-	39,114	39,114
State Maintenance Assistance Program	N/A	SMAP	-	720,206	720,206
Transportation Demand Management	N/A	-	-	28,221	28,221
Total N.C.Department of Transportation			<u>-</u>	<u>3,069,610</u>	<u>3,069,610</u>
N. C. Department of Health and Human Services					
Direct Programs:					
Senior Outreach	N/A	-	-	21,816	21,816
Total N.C. Department of Health and Human Services			<u>-</u>	<u>21,816</u>	<u>21,816</u>
N. C. Department of Environment and Natural Resources					
Direct Programs:					
Glenn's Creek Parkway	N/A	PO5112	-	50,000	50,000
Special Appropriations-WNC Nature Center	N/A	-	-	112,879	112,879
High Unit Cost Grant - DEH0930	N/A	DEH0930	-	172,252	172,252
Total N.C. Department of Environment, Health, and Natural Resources		-	<u>-</u>	<u>335,131</u>	<u>335,131</u>
N.C. Department of Crime Control and Public Safety					
Passed through NC Rural Development Center					
Hurricane Recovery Bussiness Area Redevelopment Planning Grant	N/A	-	-	686,190	686,190
Total Federal and State Awards Expended			<u>\$ 8,869,249</u>	<u>\$ 4,165,209</u>	<u>\$ 13,034,458</u>

CITY OF ASHEVILLE

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2007

NOTES TO THE PRECEDING SCHEDULE:**1. Significant Accounting Policies**

The accompanying schedule of expenditures of Federal and State awards includes the Federal and State grant activity of the City of Asheville and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

2. Federal and State Awards Which Have Been Passed Through to Sub recipients

<u>Sub recipient</u>	<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Tenant-Based Rental Assistance	HOME Investment Partnerships	14.239	\$ 34,476	\$ -
MHO - Griffin Apts	HOME Investment Partnerships	14.239	1,000	-
MHO - Crowell Park	HOME Investment Partnerships	14.239	285,768	-
MHO - Clinganman Avenue Apartments	HOME Investment Partnerships	14.239	83,534	-
MHO - Glen Rock Apartments	HOME Investment Partnerships	14.239	85,231	-
MHO - Glen Rock Pre-development	HOME Investment Partnerships	14.239	50,000	-
MHO - Self-Help Homeownership - Bunc. Co.	HOME Investment Partnerships	14.239	79,000	-
Buncombe Co. - Rural Housing Rehab	HOME Investment Partnerships	14.239	36,472	-
Buncombe Co. - Our Next Generation	HOME Investment Partnerships	14.239	22,400	-
HAC - Mainstay Manor	HOME Investment Partnerships	14.239	67,135	-
HAC - Highland View Apartments	HOME Investment Partnerships	14.239	1,826	-
HAC - Sugar Hill Apartments	HOME Investment Partnerships	14.239	388,548	-
HAC - Homeownership Assistance	HOME Investment Partnerships	14.239	5,400	-
Henderson Co. Habitat - Shuey Knolls	HOME Investment Partnerships	14.239	99,213	-
Madison Co. Owner - Occupied Rehab	HOME Investment Partnerships	14.239	143,365	-
WCCA - English Hills Apartments	HOME Investment Partnerships	14.239	1,000	-
American Dream Down payment Assistance	HOME Investment Partnerships	14.239	53,000	-
General Program Admin	HOME Investment Partnerships	14.239	133,936	-
Member Government Administration	HOME Investment Partnerships	14.239	7,950	-
CHDO operating expenses	HOME Investment Partnerships	14.239	92,679	-
Friends of the Nature Center	Special Appropriations-WNC Nature Center		-	84,660
Total			<u>\$ 1,671,933</u>	<u>\$ 84,660</u>

See the accompanying Independent Auditors' Report.

CITY OF ASHEVILLE
Schedule of Revenue and Expenditures -- High Unit Cost Grant--
Project Number DEH0930

From Inception and the Year Ended June 30, 2007

	<u>Prior Years</u>	<u>Current Year</u>	<u>Project to Date</u>
Sources of Funds:			
MSD Reimbursement	2,200		\$ 2,200
State Funds	2,270,143	172,252	2,442,395
Total Revenues	<u>\$ 2,272,343</u>	<u>\$ 172,252</u>	<u>\$ 2,444,595</u>
Construction Cost:			
WC0201	\$ 583,484	\$ -	\$ 583,484
WC0202	613,090	-	613,090
WC0203	623,259	172,252	795,511
Administrative Expense:			
Professional Services	435,418	-	435,418
Advertising	1,062	-	1,062
Legal Fees	13,045	-	13,045
Engineering Fees	3,296	-	3,296
License, Taxes & Fees	96	-	96
Other			
Right of Ways	4,100	-	4,100
Total Expenditures	<u>\$ 2,276,850</u>	<u>\$ 172,252</u>	<u>\$ 2,449,102</u>



DIXON HUGHES P.L.L.C.

Certified Public Accountants and Advisors

**Report On Internal Control Over Financial Reporting And On Compliance and
Other Matters Based On An Audit Of Financial Statements Performed In
Accordance With *Government Auditing Standards***

City of Asheville
Asheville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the City of Asheville, North Carolina (the "City"), as of and for the year ended June 30, 2007 which collectively comprises the City's basic financial statements, and have issued our report thereon dated October 31, 2007. We did not audit the financial statements of the City of Asheville ABC Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Asheville ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the City of Asheville ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when designed or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider Finding 2007-1 described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not audit the City's response and, accordingly, we express no opinion on it.

We noted certain matters that we have reported to management of the City in a separate letter dated October 31, 2007.

This report is intended solely for the information and use of the members of City Council, management, others within the organization, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 31, 2007

Dixon Hughes PLLC



DIXON HUGHES P.L.L.C.

Certified Public Accountants and Advisors

Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

City of Asheville
Asheville, North Carolina

Compliance

We have audited the compliance of the City of Asheville, North Carolina (the "City"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2007. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Asheville complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed one instance of non-compliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, and which is described in the accompanying schedule of findings and questioned costs as Finding 2007-2.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable

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to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of a compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by an entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of City Council, management, others within the organization, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dixon Hughes PLLC

October 31, 2007



DIXON HUGHES P.A.C.

Certified Public Accountants and Advisors

Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act

City of Asheville
Asheville, North Carolina

Compliance

We have audited the compliance of the City of Asheville, North Carolina (the "City"), with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2007. The City's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness

of internal control over compliance.. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that non-compliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a State program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of City Council, management, others within the organization, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dixon Hughes PLLC

October 31, 2007

CITY OF ASHEVILLE, NORTH CAROLINA

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2007

Section I--Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Non-compliance material to financial statements noted? yes X no

Federal Awards

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Type of auditors' report issued on compliance for major federal programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? X yes no

(continued)

CITY OF ASHEVILLE, NORTH CAROLINA

Schedule of Findings and Questioned Costs, Continued

For the Year Ended June 30, 2007

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.239	HOME Program
20.500	Federal Transit Capital Investment Grant
14.248	Section 108 Loan Program

Dollar threshold used to distinguish
between Type A and Type B Programs. \$ 300,000

Auditee qualified as low risk auditee? X yes no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes X no

Type of auditors' report issued on compliance for major State programs: unqualified

Identification of major State programs:

Program Name
Powell Bill
Business Development Grant

(continued)

CITY OF ASHEVILLE, NORTH CAROLINA

Schedule of Findings and Questioned Costs, Continued

For the Year Ended June 30, 2007

Section II--Financial Statement Findings

Finding: 2007-1 Bank Reconciliations

MATERIAL WEAKNESS

Criteria:	Cash balances recorded in a government's accounting system should be reconciled monthly to cash balances reported by financial institutions.
Condition:	We noted erroneous reconciling items on four different versions of the bank reconciliation for the main operating account that later led to the discovery of a duplicate entry recorded to cash in the amount of \$947,042.
Effect:	Cash in the Mass Transit Fund was overstated by \$947,042.
Cause:	Improper supervision and review of staff by manager with direct over-sight responsibility.
Recommendation:	We recommend the City review its bank reconciliation procedures and make necessary changes to ensure cash balances are properly reconciled each month.
Management's Response:	See Corrective Action Plan.

(continued)

CITY OF ASHEVILLE, NORTH CAROLINA

Schedule of Findings and Questioned Costs, Continued

For the Year Ended June 30, 2007

Section III--Federal Award Findings and Questioned Costs

Finding: 2007-2 Inspection of HOME Projects

US Department of Housing and Urban Development (HUD)

Program Name: HOME

CFDA 14.239

NON-COMPLIANCE

Sub-recipient monitoring

Criteria:	HUD requires on-site inspections during the period of affordability to determine compliance with property standards and verify the information submitted by the owners no less than: 1) every three years for projects containing 1 to 4 units, 2) every two years for projects containing 5 to 25 units, and 3) every year for projects containing 26 or more units.
Condition:	As noted in the Consolidated Annual Performance and Evaluation Report, 14 projects were listed as being subject to inspection. Of these 14 projects, only 2 met the monitoring requirements specified above.
Effect:	HOME projects could be out of compliance.
Cause:	Recent staff turnover has left the City without sufficient resources to stay current on its inspections.
Recommendation:	We recommend the City devote sufficient resources to comply with HOME standards.
Management's Response:	See Corrective Action Plan.

(continued)

CITY OF ASHEVILLE, NORTH CAROLINA

Schedule of Findings and Questioned Costs, Continued

For the Year Ended June 30, 2007

Section IV--State Award Findings and Questioned Costs

There were none.

CITY OF ASHEVILLE, NORTH CAROLINA

Corrective Action Plan

For the Year Ended June 30, 2007

Section II--Financial Statement Findings

2007-1 Bank Reconciliations

MATERIAL WEAKNESS

Name of contact person: Benjamin C. Durant, III Chief Financial Officer

Corrective action: Corrective action in this matter will be taken as needed with respect to the responsible personnel. Additionally, the department will review the bank reconciliation process and develop specific recommendations to strengthen the supervision, review and sign-off process to ensure that cash balances are properly reconciled each month.

Proposed completion date: December 31, 2007

Section III—Federal Award Findings and Questioned Costs

2007-2 Inspection of HOME projects

US Department of Housing and Urban Development (HUD)

Program Name: HOME

CFDA 14.239

NON-COMPLIANCE

Sub-recipient Monitoring

Name of contact person: Charlotte Caplan, Community Development Director

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CITY OF ASHEVILLE, NORTH CAROLINA

Corrective Action Plan, Continued

For the Year Ended June 30, 2007

Corrective action:

The vacant staff position at the end of FY2007 has been filled. Of the 12 projects in non-compliance with inspection requirements at the end of FY 2007, five have been brought into compliance (inspected) in the first three months of FY 2008. Staff have prepared a plan to inspect the remaining seven projects over the next six months - see schedule below.

Proposed completion date:

March 31, 2008

<u>Development</u>	<u>Units</u>	<u>Last Inspected</u>	<u>2007-08 Inspection</u>
<u>Completed Inspections</u>			
Wind Ridge, Asheville	40	8/07	7/08
Hillside Commons, Hendersonville	36	8/07	7/08
LIFE House Apts., Asheville	20	9/07	8/09
Mountain Springs Apts, Asheville	44	10/07	9/08
Compton Place Apts, Asheville	40	10/07	9/08
<u>Planned Inspections</u>			
Laurel Wood Apts, Asheville	50		12/07
Overlook Apts, Asheville	48	9/98	12/07
Laurel Bridge Apts, Asheville	10	6/03	1/08
Dunbar Place Apts, Asheville	74	6/03	1/08
River Glen Apts, Arden	38	6/06	2/08
Battery Park Apartments, Asheville	121	2005	2/08
Northpoint Commons Phase I	39	11/05	3/08

CITY OF ASHEVILLE

Summary Schedule of Prior Year Audit Findings

For the Year Ended June 30, 2007

There were no findings or questioned costs for the years ended June 30, 2005 and 2006.

